

AMENDED IN ASSEMBLY AUGUST 4, 2014

AMENDED IN ASSEMBLY JUNE 30, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE APRIL 22, 2014

AMENDED IN SENATE APRIL 2, 2014

SENATE BILL

No. 1273

Introduced by Senator Lara
(Coauthor: Senator Correa)
(Coauthor: Assembly Member Alejo)

February 21, 2014

An act to amend Sections 11629.7, 11629.71, 11629.72, 11629.73, 11629.745, 11629.75, 11629.76, 11629.77, 11629.81, 11629.84, 11629.85, and 11629.86 of, and to repeal and add Section 11629.87 of, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 1273, as amended, Lara. Insurance: low-cost automobile insurance program.

(1) Existing law establishes within the California Automobile Assigned Risk Plan (CAARP) a low-cost automobile insurance program for all counties in California, until January 1, 2016, in order to provide a means for eligible consumers to buy automobile insurance, as specified. The parameters of the program, include, but are not limited to, value limits for the insured vehicle, initial ratesetting for certain counties, a surcharge for specified high-risk drivers, eligibility, sales commissions set at the rate CAARP pays for private passenger nonfleet risks, cancellation restrictions, rate and surcharge setting restrictions,

and reporting requirements. Existing law limits the premium financing arrangements under the program to those offered by CAARP and one under which the insured pays no more than 15% of the policy cost initially followed by 6 payments.

This bill would revise and recast the parameters of the program by, among other things, deleting provisions that limit the initial implementation of the program to specified counties and that require the Insurance Commissioner to make a need-based assessment as to implementation in all other counties, *by increasing the limits on the value of an automobile that can be insured through the program, and by additionally authorizing that value to the value of an automobile to be determined by a method adopted by CAARP the CAARP Advisory Committee* and approved by the commissioner. The bill would extend the repeal date of the program to January 1, 2020. The bill would also expand the surcharge and eligibility requirements to include drivers with fewer than 3 years of driving history, including a person who operates a motor vehicle with a specified type of driver's license, or drivers who have not been continually licensed for the past 3 years. The bill would require, after the January 1, 2017, rate filing, that subsequent rate filings be mandatory if the rate indication is a change of greater than 7% from the previous filing, or at the discretion of the CAARP Advisory Committee if the rate indication is a change of less than 7%. The bill would allow additional premium payment plans, subject to approval by the commissioner, including one under which the insured pays no more than 20% of the policy cost initially followed by 7 payments.

(2) Existing law requires an agent or broker, referred to as a producer, to inform every new prospective automobile insurance policyholder who requests specified information that the low-cost automobile insurance policy may be available for qualifying motorists. Under existing law, if a consumer requests more information about the program from a producer who is not certified under the plan, that producer is required to provide the consumer with a toll-free telephone number for the plan as an alternative coverage option for the consumer.

This bill would allow those producers *who are not certified* to alternatively provide the consumer with the program's Internet Web site.

(3) Under existing law, a certified producer who issues a low-cost automobile insurance policy pursuant to the program is entitled to the

same commission rate as is paid by the plan for private passenger, nonfleet risks.

This bill would ~~instead~~ *instead, upon the setting of policy rates in 2015 as provided*, entitle those certified producers to a commission of 12% or \$50, whichever is greater. The bill would require, by January 1, 2016, the CAARP Advisory Committee to report to the commissioner on a proposal, subject to approval by the commissioner, to allow a consumer to reinstate, in lieu of canceling, all policies that have been canceled for nonpayment of premium, and on a proposal, subject to approval by the commissioner, to allow consumers to keep policies in force by making installment payments by debit card or credit card. The bill would also require, by July 1, 2016, the CAARP Advisory Committee to report to the commissioner on a proposal, subject to approval by the commissioner, to allow access to the program for applicants 16 to 18 years of age who are economically independent and meet other eligibility guidelines, and for families who have an adult driver covered under the program and a driver 16 to 18 years of age in the household.

(4) Existing law requires the plan to report to the Legislature annually on the status of the program, and requires the commissioner to make an annual report to specified committees of the Legislature.

This bill would instead require the plan to make the former report to the commissioner and to include specified data in that report, and would require the commissioner to combine the 2 reports and submit the combined report to the Legislature on or before March 15 annually.

(5) Existing law requires, in order to be eligible for funding through the budget process, that the plan be reviewed by specified committees of the Legislature.

This bill would delete that provision.

(6) Existing law requires the plan, subject to the commissioner's approval, to establish and maintain an Internet Web site that provides members of the public with an option for either a referral to a list of certified agents or brokers, as specified, or an assignment to a randomly selected certified agent or broker, as specified.

This bill would delete the above provisions and instead require the Department of Insurance, by December 31, 2015, in consultation with the CAARP Advisory Committee, to establish a consumer-oriented Internet Web site that fulfills specified requirements, and would require by December 31, 2015, the CAARP Advisory Committee to develop a proposal, subject to approval by the commissioner, for interested

consumers to apply for the program without physically visiting the office of a producer, as provided.

(7) This bill would make conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 11629.7 of the Insurance Code is
2 amended to read:

3 11629.7. (a) There is established, within the California
4 Automobile Assigned Risk Plan established under Section 11620,
5 a low-cost automobile insurance program for all counties in
6 California.

7 (b) The commissioner, after a public hearing, shall approve or
8 issue a reasonable plan for the equitable apportionment, among
9 insurers required to participate in the California Automobile
10 Assigned Risk Plan established under Section 11620, of persons
11 who are eligible to purchase through the program a low-cost
12 automobile insurance policy, as described in Section 11629.71.
13 The program shall be conducted in conjunction with the California
14 Automobile Assigned Risk Plan established under Section 11620.

15 SEC. 2. Section 11629.71 of the Insurance Code is amended
16 to read:

17 11629.71. A low-cost automobile insurance policy for purposes
18 of the program established under this article shall have all of the
19 following attributes:

20 (a) The policy shall offer coverage in the amount of ten thousand
21 dollars (\$10,000) for bodily injury to, or death of, each person as
22 a result of any one accident and, subject to that limit as to one
23 person, the amount of twenty thousand dollars (\$20,000) for bodily
24 injury to, or death of all persons as a result of any one accident,
25 and the amount of three thousand dollars (\$3,000) for damage to
26 property of others as a result of any one accident.

27 (b) The coverage required by Section 11580.2 shall be made
28 available to the consumer. However, an insurer may charge a
29 premium for that coverage in addition to the premium set forth in
30 Section 11629.72. Notwithstanding the coverage amounts required
31 by Section 11580.2 and Section 16056 of the Vehicle Code,
32 uninsured motorist coverage issued in conjunction with a low-cost

1 automobile policy under the program, with coverage limits at least
2 equal to the limits of liability in the underlying low-cost automobile
3 policy, shall satisfy the requirements of Section 11580.2 and the
4 financial responsibility requirements of Sections 4000.37, 16021,
5 and 16431 of the Vehicle Code.

6 (c) Medical payments coverage shall be made available to the
7 consumer. However, an insurer may charge a premium for that
8 coverage in addition to the premium set forth in Section 11629.72.

9 (d) The policy shall have an initial term of one year, renewable
10 on an annual basis thereafter.

11 (e) The policy shall cover the person named in the policy, and
12 to the same extent that insurance is provided to the named insured,
13 any other person using the automobile, provided the use is with
14 his or her permission, express or implied, and within the scope of
15 that permission, except that the policy shall not cover members of
16 the named insured's household who do not satisfy the requirements
17 of subdivisions (b) to (e), inclusive, of Section 11629.73.

18 (f) The policy shall provide coverage for an automobile with a
19 value of twenty-five thousand dollars (\$25,000) or less, as
20 evidenced by the value given to the automobile by the Department
21 of Motor Vehicles in assessing vehicle license fees, or another
22 method of determining market value adopted by the California
23 Automobile Assigned Risk Plan Advisory Committee (CAARP
24 Advisory Committee) and approved by the commissioner.

25 SEC. 3. Section 11629.72 of the Insurance Code is amended
26 to read:

27 11629.72. (a) The annual rate offered under the program for
28 each of the counties in California shall be established at a date
29 according to the discretion of the commissioner. Surcharges, as a
30 percentage of the base rate, shall be added to the base rate and that
31 percentage shall be set at the discretion of the commissioner, if
32 the named insured or a resident of the household of the named
33 insured will be a driver of the automobile covered under the
34 low-cost policy, and is either or both of the following:

35 (1) An unmarried male between 19 and 24 years of age.
36 (2) A person 19 years of age or older to whom any of the
37 following applies:

38 (A) Operates a vehicle with a driver's license issued by the
39 Department of Motor Vehicles pursuant to Section 12801.9 of the
40 Vehicle Code and has fewer than three years of driving history.

1 (B) Has fewer than three years of driving history.

2 (C) Has not been continually licensed to drive for the past three
3 years.

4 (b) (1) The California Automobile Assigned Risk Plan shall
5 make available to an insured under the program, subject to approval
6 by the commissioner, a premium installment option pursuant to
7 which an insured is required to pay not more than 20 percent of
8 the total policy cost upon issuance of the low-cost policy, followed
9 thereafter by seven other payments. The plan may make additional
10 payment plans available, subject to approval by the commissioner.

11 (2) No other premium financing arrangement shall be permitted.

12 (c) Rates for policies issued under the program in each county
13 or city and county shall be reviewed and revised as follows:

14 (1) Rates shall be sufficient to cover (A) losses incurred under
15 policies issued under the program, and (B) expenses, including,
16 but not limited to, all reasonable and necessary expenses such as
17 the costs of administration, underwriting, taxes, commissions, and
18 claims adjusting, that are incurred due to participation in the
19 program. For purposes of this paragraph, “losses incurred” means
20 claims paid, claims incurred and reported, and claims incurred but
21 not yet reported. In assessing loss reserves, the commissioner shall
22 only allow loss reserves that are estimated from actual losses in
23 the program or comparable data by a licensed statistical agent, as
24 adjusted to reflect coverage provided under the program.

25 (2) Rates shall be set so as to result in no projected subsidy of
26 the program by those policyholders of insurers issuing policies
27 under the program who are not participants in the program.

28 (3) Rates shall be set with respect to the program so as to result
29 in no projected subsidy by policyholders in one county of
30 policyholders in any of the other counties.

31 (4) (A) Commencing on January 1, 2015, and annually
32 thereafter through January 1, 2017, the California Automobile
33 Assigned Risk Plan shall submit the loss and expense data, together
34 with a proposed rate and the surcharge authorized by subdivision
35 (a) for the low-cost automobile policy for the program, to the
36 commissioner for approval in accordance with this chapter. The
37 commissioner shall act on the recommendation within 90 days.

38 (B) After the January 1, 2017, rate filing, subsequent rate filings
39 are mandatory if the rate indication is a change of greater than 7
40 percent from the previous filing, or at the discretion of the CAARP

1 Advisory Committee if the rate indication is a change of less than
2 7 percent.

3 SEC. 4. Section 11629.73 of the Insurance Code is amended
4 to read:

5 11629.73. A low-cost automobile insurance policy under the
6 program shall only be available for purchase by persons who satisfy
7 the following eligibility requirements:

8 (a) The person shall be in a household with an annual gross
9 household income that does not exceed 250 percent of the federal
10 poverty level, as defined in Part 6.2 (commencing with Section
11 12693) or as defined in an equivalent manner that is approved by
12 the commissioner.

13 (b) The person shall be no less than 19 years of age and have
14 been continuously licensed to drive an automobile for the previous
15 three years, except that a person who has not been continually
16 licensed to drive or has fewer than three years of driving history
17 may qualify for the surcharge under subdivision (a) of Section
18 11629.72.

19 (c) The person shall have not more than one of either, but not
20 both, of the following within the previous three years:

21 (1) A property damage only accident in which the driver was
22 principally at fault.

23 (2) A point for a moving violation.

24 (d) The person shall not have on record within the previous
25 three years, an at-fault accident involving bodily injury or death.

26 (e) The person shall not have a felony or misdemeanor
27 conviction for a violation of the Vehicle Code on his or her motor
28 vehicle record.

29 (f) The person shall not be a college student claimed as a
30 dependent of another person for federal or state income tax
31 purposes.

32 SEC. 5. Section 11629.745 of the Insurance Code is amended
33 to read:

34 11629.745. (a) An agent or broker, hereafter referred to as a
35 producer, who conducts business in a county in which a low-cost
36 automobile insurance policy is available pursuant to this article
37 shall inform every new prospective automobile insurance
38 policyholder who requests a minimum limits or basic limits
39 insurance policy, or coverage to meet California's minimum limits
40 automobile insurance requirements, that the low-cost automobile

1 insurance policy may be available for qualifying motorists. The
2 information may be provided orally if the producer has been
3 contacted by telephone, or in writing, but shall be communicated
4 to the policyholder prior to the application for automobile insurance
5 coverage in the language in which the producer has otherwise
6 communicated with the consumer.

7 (b) If the consumer requests more information about the low-cost
8 program the producer shall do either of the following:

9 (1) If the producer is California Automobile Assigned Risk Plan
10 certified, provide the consumer with an explanation in an
11 information pamphlet produced by the California Automobile
12 Assigned Risk Plan and approved and provided by the Department
13 of Insurance of the qualifications, cost, and coverage provided by
14 the policy. If the consumer qualifies for the low-cost policy and
15 wishes to purchase the policy, the California Automobile Assigned
16 Risk Plan certified producer shall provide the application and,
17 upon completion, submit the application, supporting documents,
18 and the applicant's certification to the California Automobile
19 Assigned Risk Plan. The submittal of the California Automobile
20 Assigned Risk Plan application may be in addition to any other
21 coverage offered or applied for through the producer.

22 (2) If the producer is not California Automobile Assigned Risk
23 Plan certified, the producer shall provide the consumer with the
24 toll-free telephone number for the California Automobile Assigned
25 Risk Plan or the program's Internet Web site address as an option
26 to coverage offered by the producer.

27 SEC. 6. Section 11629.75 of the Insurance Code is amended
28 to read:

29 11629.75. (a) A certified producer shall provide to an applicant
30 for a low-cost automobile insurance policy under this article a
31 notice relating to coverage under the policy. The notice shall be
32 provided in a separate document at the time of application, and
33 include the following statement in 14-point boldface type:

34
35 "NOTICE

36
37 INSURANCE COVERAGE PROVIDED IN THE POLICY YOU
38 ARE BUYING CONTAINS REDUCED LIABILITY
39 COVERAGE FOR PERSONAL INJURIES OR PROPERTY
40 DAMAGE RESULTING FROM THE OPERATION OF THE

1 INSURED VEHICLE. IF LOSSES FROM AN AUTOMOBILE
2 ACCIDENT EXCEED THE COVERAGE PROVIDED BY THIS
3 POLICY, YOU CAN BE HELD PERSONALLY LIABLE AND
4 RESPONSIBLE FOR THOSE LOSSES.
5 THIS POLICY PROVIDES LIABILITY COVERAGE FOR
6 INJURIES OR DEATH CAUSED TO OTHER PERSONS IN
7 THE TOTAL AMOUNT OF TEN THOUSAND DOLLARS
8 (\$10,000) PER PERSON IN ANY ONE ACCIDENT, AND UP
9 TO A TOTAL AMOUNT OF TWENTY THOUSAND DOLLARS
10 (\$20,000) FOR ALL PERSONS IN ANY ONE ACCIDENT. THE
11 POLICY ALSO PROVIDES UP TO A TOTAL AMOUNT OF
12 THREE THOUSAND DOLLARS (\$3,000) IN LIABILITY
13 COVERAGE FOR PROPERTY DAMAGE IN ANY ONE
14 ACCIDENT. IF YOU WANT MORE INSURANCE COVERAGE,
15 YOU MUST REQUEST A DIFFERENT POLICY.
16 THIS POLICY ALSO DOES NOT COVER DAMAGE TO YOUR
17 OWN VEHICLE, LOSSES RESULTING FROM YOUR BODILY
18 INJURY OR DEATH, OR COVERAGE FOR LOSSES CAUSED
19 BY AN UNINSURED OR UNDERINSURED DRIVER.
20 HOWEVER, THESE OTHER COVERAGES MAY BE
21 AVAILABLE AT EXTRA COST THROUGH OTHER
22 INSURERS.
23 THIS POLICY MAY ALSO CONTAIN UNINSURED
24 MOTORIST BODILY INJURY COVERAGE IN THE TOTAL
25 AMOUNT OF TEN THOUSAND DOLLARS (\$10,000) PER
26 PERSON IN ANY ONE ACCIDENT AND UP TO A TOTAL
27 AMOUNT OF TWENTY THOUSAND DOLLARS (\$20,000)
28 FOR ALL PERSONS IN ANY ONE ACCIDENT, IF YOU SO
29 CHOOSE. IN ADDITION, THIS POLICY MAY ALSO
30 CONTAIN MEDICAL PAYMENTS COVERAGE IN THE
31 AMOUNT OF ONE THOUSAND DOLLARS (\$1,000) PER
32 PERSON IN ANY ONE ACCIDENT, IF YOU SO CHOOSE.
33 THIS POLICY DOES NOT COVER ANY OTHER DRIVER IN
34 YOUR HOUSEHOLD WHO:
35 (a) IS UNDER 19 YEARS OF AGE; OR
36 (b) HAS LESS THAN 3 YEARS OF CONTINUOUSLY
37 LICENSED DRIVING EXPERIENCE (UNLESS THE POLICY
38 INCLUDES A SURCHARGE FOR THIS DRIVER); OR
39 (c) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE
40 FOLLOWING:

1 —A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH
2 THE DRIVER WAS PRINCIPALLY AT FAULT.
3 —A POINT FOR A MOVING VIOLATION; OR
4 (d) HAS IN THE PREVIOUS 3 YEARS AN AT-FAULT
5 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR
6 (e) HAS A FELONY OR MISDEMEANOR CONVICTION
7 FROM A VIOLATION OF THE VEHICLE CODE ON HIS OR
8 HER MOTOR VEHICLE RECORD.”

9
10 (b) When the certified producer establishes delivery of the
11 disclosure form specified in subdivision (a) by obtaining the
12 signature of the applicant or insured, there shall be a conclusive
13 presumption that the certified producer has complied with the
14 disclosure requirements of this section.

15 SEC. 7. Section 11629.76 of the Insurance Code is amended
16 to read:

17 11629.76. (a) (1) For a low-cost automobile insurance policy
18 issued pursuant to the program, certified producers shall be entitled
19 ~~to a commission rate of 12 percent or fifty dollars (\$50), whichever~~
20 ~~is greater.~~ *the same commission rate as is paid by the California*
21 *Automobile Assigned Risk Plan for private passenger, nonfleet*
22 *risks under Article 4 (commencing with Section 11620). The*
23 *commission rate prescribed in this paragraph shall only be in*
24 *effect until the conditions described in paragraph (2) are fulfilled.*

25 (2) *Effective upon the setting of policy rates in 2015 pursuant*
26 *to Section 11629.72, for a low-cost automobile insurance policy*
27 *issued pursuant to the program, certified producers shall be*
28 *entitled to a commission rate of 12 percent or fifty dollars (\$50),*
29 *whichever is greater.*

30 (b) Notwithstanding subdivision (a), the commissioner may at
31 any time establish a commission for a low-cost automobile
32 insurance policy issued pursuant to the program and may make
33 the commission effective on any policy originated within an entire
34 year, or any portion of a year, as is needed to provide an incentive
35 to certified producers to sell low-cost automobile insurance to
36 eligible applicants. The commissioner shall not establish a
37 commission pursuant to this subdivision if the commissioner
38 determines that setting the commission rate will result in a lower
39 commission than the commission paid by the California

1 Automobile Assigned Risk Plan for private passenger, nonfleet
2 risks under Article 4 (commencing with Section 11620).

3 (c) No other fees of any kind may be charged or collected
4 pursuant to this section and the sale of a low-cost policy under this
5 article shall not be conditioned on the purchase of any other product
6 or service.

7 SEC. 8. Section 11629.77 of the Insurance Code is amended
8 to read:

9 11629.77. (a) A low-cost automobile insurance policy issued
10 pursuant to the program shall be canceled only for the following
11 reasons:

12 (1) Nonpayment of premium.

13 (2) Fraud or material misrepresentation affecting the policy or
14 the insured.

15 (3) The purchase of additional automobile liability insurance
16 coverage in violation of subdivision (a) of Section 11629.78.

17 (4) The purchase or maintenance of automobile liability
18 insurance coverage other than a low-cost policy for any additional
19 vehicles in the insured's household, in violation of subdivision (b)
20 of Section 11629.78.

21 (b) A policy shall be nonrenewed only for the following reasons:

22 (1) A substantial increase in the hazard insured against.

23 (2) The insured no longer meets the applicable eligibility
24 requirements. In this regard, the eligibility of an insured shall be
25 recertified by the California Automobile Assigned Risk Plan after
26 the first year of eligibility, and annually thereafter by the insurer
27 that issued the policy.

28 (c) By January 1, 2016, the CAARP Advisory Committee shall
29 report to the commissioner on a proposal, subject to approval by
30 the commissioner, to allow a consumer to reinstate, in lieu of
31 canceling, all policies that have been canceled for nonpayment of
32 premium, and on a proposal, subject to approval by the
33 commissioner, to allow consumers to make installment payments
34 by debit card or credit card. The CAARP Advisory Committee
35 shall also report, by July 1, 2016, on a proposal, subject to approval
36 by the commissioner, to allow access to the program for applicants
37 16 to 18 years of age who are economically independent and meet
38 other eligibility guidelines, and also for families who have an adult
39 driver covered under the program and a driver 16 to 18 years of
40 age in the household.

1 SEC. 9. Section 11629.81 of the Insurance Code is amended
2 to read:

3 11629.81. (a) The California Automobile Assigned Risk Plan
4 shall report to the commissioner on an annual basis, and at those
5 additional times as it deems prudent, on the status of the program.
6 The report shall include data regarding new policies, renewed
7 policies, and policy cancellations or nonrenewals.

8 (b) The department shall combine the report pursuant to
9 subdivision (a) with the report required by Section 11629.85 and
10 submit the combined report to the Legislature on or before March
11 15 of each year.

12 (c) A report submitted pursuant to subdivision (b) shall be
13 submitted in compliance with Section 9795 of the Government
14 Code.

15 SEC. 10. Section 11629.84 of the Insurance Code is amended
16 to read:

17 11629.84. This article shall remain in effect only until January
18 1, 2020, and as of that date is repealed, unless a later enacted
19 statute, that is enacted before January 1, 2020, deletes or extends
20 that date.

21 SEC. 11. Section 11629.85 of the Insurance Code is amended
22 to read:

23 11629.85. (a) Notwithstanding Section 10231.5 of the
24 Government Code, on or before March 15 of each year, the
25 commissioner shall prepare and propose a plan in a report to the
26 Legislature setting forth the methods the commissioner intends to
27 implement to inform households eligible for the program about
28 the availability of low-cost automobile insurance.

29 (b) The plan shall include, at a minimum, a brief description of
30 methods proposed to be used, anticipated costs, sources of revenue,
31 goals, targets, objectives, and a justification of the proposed
32 methods. The plan shall also explain how the department proposes
33 to work in cooperation with the California Automobile Assigned
34 Risk Plan, the social service agencies, the Department of Motor
35 Vehicles, and community-based organizations in order to inform
36 eligible households of the existence of the program.

37 (c) The plan shall also include all of the following:

38 (1) The commissioner's determination regarding whether the
39 program has been successful, based on the criteria specified in

1 subdivision (d), and an explanation regarding that success or lack
2 thereof.

3 (2) In cooperation with the California Automobile Assigned
4 Risk Plan, structural characteristics of the program that may require
5 statutory revision in order for the program to succeed or to improve
6 upon existing success.

7 (3) Impediments to success of the program that can reasonably
8 be overcome by revision to the strategies adopted by the
9 department.

10 (4) A detailed explanation of the department's use for the
11 program of funds assessed pursuant to Section 1872.81 for the
12 previous fiscal year.

13 (5) For the previous calendar year, a list of the total low-cost
14 auto premium for each county in which the program was available.

15 (d) The program is successful if the following occur:

16 (1) The program generated sufficient premiums to cover losses
17 incurred under policies issued under the program, and expenses
18 incurred by the program, as calculated pursuant to subdivision (c)
19 of Section 11629.72.

20 (2) The program served the public purpose of offering access
21 to automobile insurance to otherwise underserved communities in
22 the program areas.

23 (3) The program offered access to automobile insurance to
24 previously uninsured motorists seeking affordable coverage in the
25 program areas.

26 (4) The program's outreach efforts lead uninsured motorists to
27 contact a producer, and the driver obtains any auto insurance policy
28 that complies with California law.

29 (e) Any written or oral advertisements, including, but not limited
30 to, paid or unpaid commercial or noncommercial advertising, by
31 the department with reference to the low-cost automobile insurance
32 program shall reference the department and shall not reference the
33 commissioner by name or office, or include the commissioner's
34 voice, image, or likeness. The department shall not participate with
35 any nongovernmental entity that produces or intends to produce
36 advertisements or educational material that include the name of
37 the commissioner or his or her voice, image, or likeness, and that
38 are intended to make eligible households aware of the existence
39 of low-cost automobile insurance.

1 (f) A report submitted pursuant to subdivision (a) shall be
2 submitted in compliance with Section 9795 of the Government
3 Code.

4 SEC. 12. Section 11629.86 of the Insurance Code is amended
5 to read:

6 11629.86. (a) A California Automobile Assigned Risk Plan
7 certified producer may accept and process an application to
8 purchase a low-cost automobile insurance policy under this
9 program through an Internet Web site, in accordance with this
10 section and regulations adopted by the ~~Department of Insurance~~
11 *department* pursuant to this section.

12 (b) Any producer seeking certification to accept and process
13 low-cost automobile insurance policy applications through an
14 Internet Web site shall notify the California Automobile Assigned
15 Risk Plan of its intentions to do so prior to accepting any
16 applications to the program.

17 (c) Prior to accepting payment and upon transmitting any
18 information from the consumer, the producer's Internet Web site
19 shall include a clear explanation of whether the consumer will be
20 afforded insurance coverage upon payment and, if not, when the
21 consumer will receive coverage and how he or she will receive
22 notice of coverage.

23 (d) A producer accepting and processing applications through
24 an Internet Web site shall be entitled to the same commission
25 available to a producer selling a low-cost automobile insurance
26 policy by any other means acceptable under the law.

27 (e) Any producer accepting and processing applications through
28 an Internet Web site is subject to the laws and rules governing this
29 program and is liable for any errors and omissions related to the
30 transaction of insurance to the same extent as a producer selling
31 a low-cost automobile insurance policy by any other means
32 acceptable under the law.

33 (f) Any consumer information required by this article may be
34 accepted by electronic means after the ~~Department of Insurance~~
35 *department* adopts regulations implementing this section and only
36 if the information is submitted in accordance with those regulations.

37 (g) The California Automobile Assigned Risk Plan shall
38 coordinate with the ~~Department of Insurance~~ *department* in order
39 to develop a system for receiving and assigning policies issued
40 through Internet Web sites.

1 (h) The California Automobile Assigned Risk Plan may request,
2 and the ~~Department of Insurance~~ *department* may include in its
3 plan submitted pursuant to Section 11629.85, up to fifty thousand
4 dollars (\$50,000) from the department's existing consumer outreach
5 fund to be used for the sole purpose of implementing this section.

6 SEC. 13. Section 11629.87 of the Insurance Code is repealed.

7 SEC. 14. Section 11629.87 is added to the Insurance Code, to
8 read:

9 11629.87. (a) The department shall, by December 31, 2015,
10 in consultation with the CAARP Advisory Committee, establish
11 and maintain a consumer-oriented Internet Web site that provides
12 all of the following:

13 (1) Referral to a list of certified agents or brokers with an office
14 in the same geographic area as the consumer who may be contacted
15 to purchase a low-cost automobile insurance policy.

16 (2) Information about the eligibility requirements, benefits, and
17 limits of the low-cost automobile insurance policy.

18 (3) Notification that if a consumer does not qualify for the
19 low-cost automobile insurance policy, other policies may be
20 available from producers or insurers, and directing the consumer
21 to the department's automobile insurance premium comparison
22 Internet Web page.

23 (b) The CAARP Advisory Committee shall develop a proposal,
24 by December 31, 2015, subject to approval by the commissioner,
25 for interested consumers to apply for the program without
26 physically visiting the office of a producer. This proposal may
27 include the electronic uploading of documents, electronic
28 signatures, linking eligible hotline callers and Internet Web site
29 visitors directly to one or more producers, and electronic payments.